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Agricultural Marketing Administration
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QUESTIONS AND ANSWERS

Domestic Cabbage Diversion and Bulk Sauerkraut Purchase Program

1. Question: What is the purpose of the Cabbage Diversion and Sauerkraut Purchase Program?

Answer: To provide a practical way of encouraging the harvesting and processing of the entire 1942 domestic cabbage crop and thus prevent the waste of food.

2. Question: Why was the Diversion and Purchase Program necessary?

Answer: Since governmental action denied tin for the canning of sauerkraut for civilian use and packers were uncertain as to how much bulk sauerkraut could be sold, the marketing of the domestic cabbage crop was practically at a standstill.

3. Question: How large a crop is estimated for 1942?

Answer: The Crop Reporting Board estimates the 1942 production of cabbage for sauerkraut on October 1 at 175,900 tons, which is 17 percent below the production in 1941 but 15 percent above the 10-year average production of 152,500 tons. The 1942 acreage was reduced by 29 percent below 1941 and 12 percent from the 10-year (1931-40) average. Favorable weather in the cabbage-producing areas has resulted in near-record yields this season.

4. Question: How much sauerkraut could be processed from this cabbage crop?

Answer: Allowing three 45-gallon barrels of sauerkraut per ton of cabbage, about 500,000 barrels could be produced from this crop. Except for military and Lend-Lease requirements, for which tin is allowed, all remaining kraut must be distributed through commercial channels in bulk form.

5. Question: What States are included in the Diversion and Purchase Program?

Answer: It is anticipated that the program will be limited to kraut packers having plants located in the States of New York, Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota, Colorado, North Carolina, Tennessee, Pennsylvania, Virginia, Iowa, Missouri, Kentucky, Massachusetts, New Jersey, and Maryland, although provision is made for modifying the designated area as necessary.

6. Question: How will the Cabbage Diversion Program operate?

Answer: The Secretary of Agriculture offers processors payments amounting to \$1 per 45 gallons of sauerkraut sold in commercial channels, provided processors pay growers not less than \$7.50 per ton for such domestic cabbage delivered to the factory.

7. Question: How does the minimum price to growers compare with average prices of domestic cabbage for sauerkraut?

Answer: The 10-year average (1930-39) farm price was \$7.63 per ton, while the price for the 1941-42 season was \$9.65.

8. Question: Why do processors receive a Government payment of \$1 per 45 gallons of sauerkraut sold in commercial channels?

Answer: By offsetting some of the increased costs incident to the transition from selling kraut in tin cans to selling it in bulk this payment is intended to encourage packers to develop and find a commercial market for bulk kraut.

9. Question: What quantity of cabbage will be considered by the Department for diversion under this program?

Answer: The Department is willing to offer diversion payments of \$1 per 45-gallon barrel to processors for all bulk sauerkraut sold in commercial channels. In view of the size of the crop and the amount of sauerkraut to be canned for military and Lend-Lease requirements, it is estimated that approximately 384,000 barrels of sauerkraut will be available for commercial sale and may come under the Cabbage Diversion Program.

10. Question: How much cabbage may an individual packer handle under the program?

Answer: A packer may apply for a Diversion Authorization for any quantity of cabbage that he can process. Since a packer may apply for more than one Diversion Authorization, it has been suggested that applications be made for a quantity that is reasonably conservative in light of available cabbage supplies, labor, and other factors affecting processing capacity.

11. Question: Will diversion payments be made for sauerkraut sold to the Army?

Answer: Diversion payments are made only on cabbage sold in commercial channels to eligible purchasers. Eligible purchasers of sauerkraut from processors have been designated as any person or firm approved by the Secretary, or his authorized representative or agent, or any bona fide jobber, distributor, wholesaler, or retailer. This designation of an eligible purchaser does not include any packer or canner, the Army, the Federal Surplus Commodities Corporation, or the Agricultural Marketing Administration.

12. Question: If cabbage was purchased from growers for processing as bulk sauerkraut at less than \$7.50 per ton prior to date of Diversion Authorization, can processors participate in the program?

Answer: Processors can participate in the Diversion Program for only that cabbage for which growers were paid the minimum price. Sauerkraut already processed from cabbage purchased below the minimum price can come under the program by raising the grower price to a minimum of \$7.50 per ton.

13. Question: How does the minimum price requirement affect prior contracts not included under the program?

Answer: Prior contracts are not affected under the terms of the Diversion Program. However, if such cabbage is to be included under this program, the price to growers must be increased to at least \$7.50 per ton.

14. Question: Can packers average prices paid growers for cabbage?

Answer: No averaging of prices will be considered by the Department. It will be necessary for the packer to submit a legible copy of each scale ticket, showing the date, net weight of cabbage delivered, price paid per ton, and total amount paid for the load in support of a claim for payment under the Cabbage Diversion Program.

15. Question: On what date does the Cabbage Diversion Program become effective?

Answer: The effective date will vary with individual packers, depending upon the date when an application for Diversion Authorization is made and the authorization is granted by the Secretary.

16. Question: What assurance do packers have against financial loss if bulk sauerkraut does not sell well in commercial channels?

Answer: The AMA will purchase from packers participating in the Cabbage Diversion Program all sauerkraut in their possession on or after March 1, 1943, which will grade U. S. "C" or better.

17. Question: What packers may benefit from the Bulk Sauerkraut Purchase Program?

Answer: Any packer participating in the Cabbage Diversion Program who shows evidence that for every 45 gallons of sauerkraut offered for sale to AMA 1/3 ton of cabbage had been purchased from growers at a rate not less than \$7.50 per ton.

18. Question: Can packers participate in the Purchase Program if some cabbage not under prior contract is purchased at prices lower than \$7.50 per ton?

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Answer: After date of Diversion Authorization, packers who wish to participate in the purchase program must pay growers \$7.50 per ton for all cabbage processed into sauerkraut of U. S. "C" Grade or better. Poorer quality cabbage can be purchased at lower prices if packers wish to process it. However, sauerkraut below U. S. "C" Grade will not be purchased by FSCC.

19. Question: At what price will purchases of bulk sauerkraut be made?

Answer: The AMA will purchase bulk sauerkraut at 14 cents per gallon f.o.b. cars, packer's plant, in barrels furnished by AMA. The Department reserves the right to have such kraut packed in whatever container its authorized agents shall specify, with extra payments to be made on the basis of negotiation should kraut be packed in tin.

20. Question: How much sauerkraut may be purchased under the program?

Answer: The Department expresses its willingness to purchase all bulk sauerkraut of U. S. "C" Grade or better in the hands of processors remaining unsold after March 1, 1943.

21. Question: How will the AMA dispose of the fresh sauerkraut that may be acquired under this program?

Answer: The method of disposal is to be determined at a later date with consideration to be given to the feasibility of distribution through the school lunch, direct relief, and to fill other Government needs.

22. Question: What plans are being made to distribute sauerkraut in bulk?

Answer: It is an established fact that bulk sauerkraut can be merchandised most advantageously during comparatively cool weather. Packers will urge their trade to inaugurate a sales program for bulk sauerkraut during cooler months of the year. Food chains have indicated their willingness to assist with this changed method of distribution. The Department will assist with a publicity program to focus attention of consumers on the container situation for sauerkraut with the purpose of encouraging the greater consumption in the bulk form.

23. Question: What grade of cabbage will packers buy from farmers?

Answer: Processors will purchase cabbage from growers of a quality necessary to make sauerkraut of at least U. S. "C" Grade which is the minimum grade accepted by the Government under the Purchase Program. Determination of the grade of cabbage will be at the discretion of the packer.

24. Question: Do packers receive a Diversion Payment for kraut sold to the Department after March 1, 1943?

Answer: No. The Diversion Payment is made only for kraut sold in commercial channels.

25. Question: When must the packer make known the quantity of sauerkraut he desires to sell to the Government under the program?

Answer: Between March 1 and March 10, 1943, the packer must notify FSCC the quantity of bulk sauerkraut which he wants to sell.

26. Question: Must a packer keep separate cabbage for sauerkraut under the Diversion and Purchase Programs and cabbage processed for other purposes?

Answer: Regulations permit the commingling of any cabbage processed by a packer.

27. Question: If a packer has contracts for kraut with the Army, can he participate in the program?

Answer: Packers may participate in the Cabbage Diversion and Purchase Program regardless of contracts to supply canned sauerkraut for military and Lend-Lease purposes.

28. Question: Will the Department lend support to the fresh market for domestic cabbage?

Answer: At present the Department does not anticipate purchasing fresh domestic cabbage in the areas covered by the program.

29. Question: Is the Diversion and Purchase Program limited to the 1942 crop?

Answer: It is not anticipated to continue the present program beyond the normal period for distributing the present 1942 pack of sauerkraut. The program is designed to give support and encouragement to a change in methods of distributing sauerkraut. Toward the end of the current season, packers and distributors should be able to estimate what volume of bulk sauerkraut consumers would take during another season. Upon this basis it will be possible to estimate what acreage adjustment will be necessary for domestic cabbage which with normal yields will supply our needs.

30. Question: Will any Danish cabbage come under the program?

Answer: The program is limited to domestic-type cabbage for processing into sauerkraut.

